

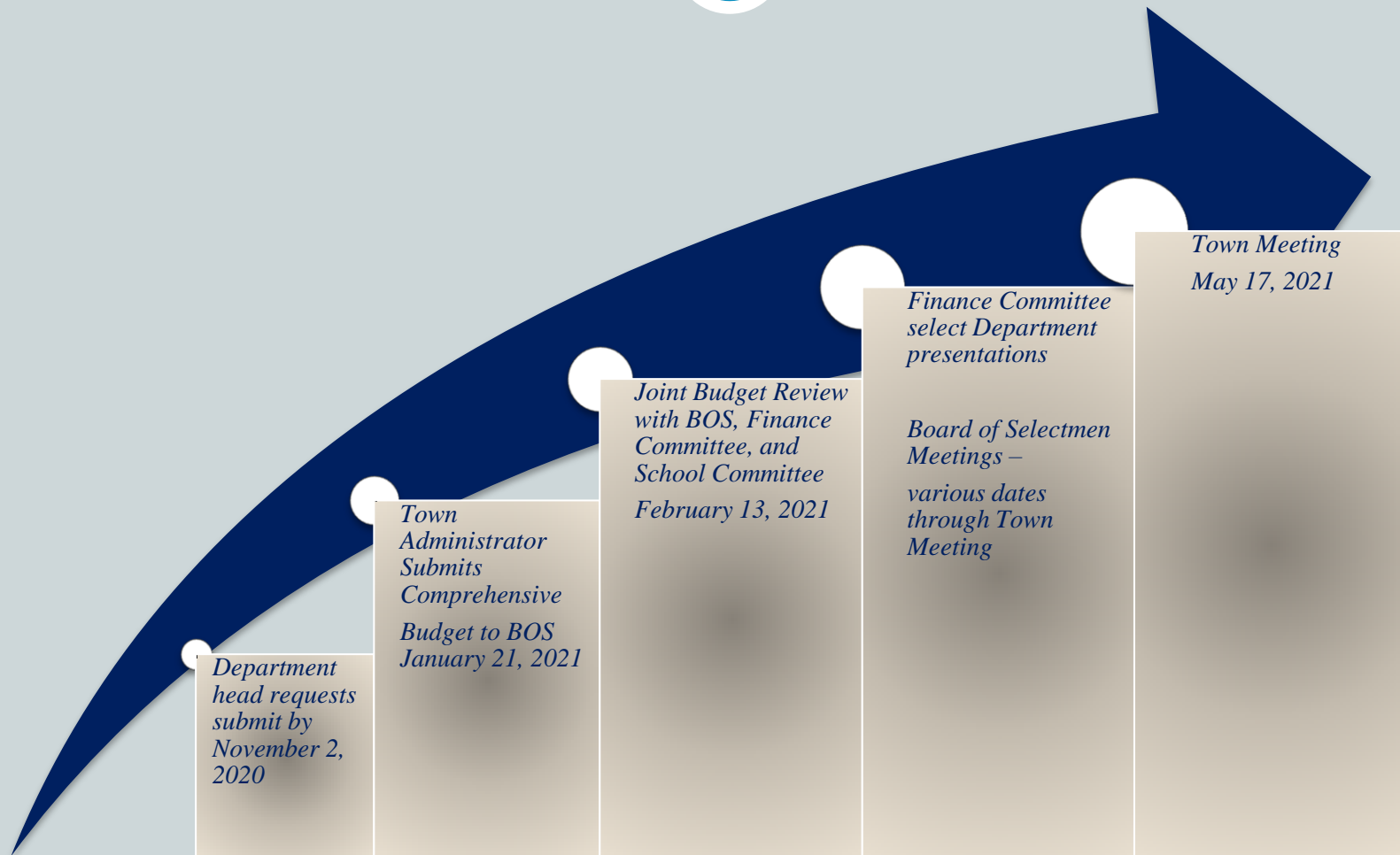


TOWN OF MAYNARD BUDGET HEARING FISCAL YEAR 2022

Gregory Johnson
Town Administrator

Budget Process

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December 31, 2020 – 1/2 way there

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- Year-to-date budget is on target
- Total expenditures at 45.4%; (46.3% after removing debt which has timing fluctuations)
- Received \$20.2 million in revenue receipts in the General Fund as of October 31, 2020 this is 43.3% of 2021 target revenues.



Fiscal Year 2022 Town Administrator Proposed Budget

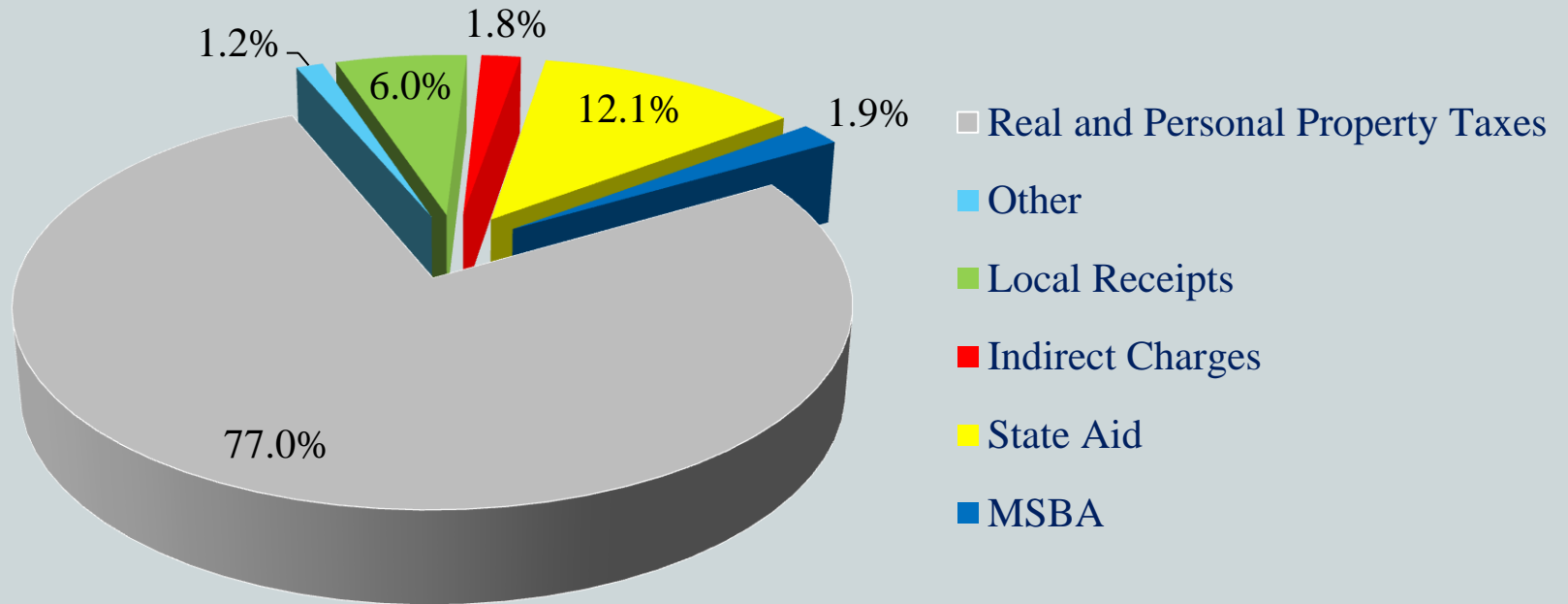


BUDGET SOURCES

Summary Budget Sources

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Source Types



Summary of Budget Sources

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Revenue Type	Amount
Real and Personal Property Taxes	\$ 36,390,256
State Aid*	5,961,623
Massachusetts School Building Authority	897,660
Local Receipts	2,835,000
Indirect Charges	834,268
Transfers From Other Funds	170,000
Transfers From PEG Access	364,634
Amortization of Bond Premium	<u>49,078</u>
Total Budget Sources	<u>\$ 47,232,519</u>

*State Aid is inconclusive: Presented figure taken from Governor's "House 1" budget

Real and Personal Property Taxes

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LEVY COMPONENT	AMOUNT
Levy Limit 2020	\$ 32,083,704
Proposition 2 ½ % increase	802,092
New Growth Estimate	500,000
Debt Exclusions	3,004,460
Maximum Allowable Levy FY21	\$ 36,390,256

New Growth

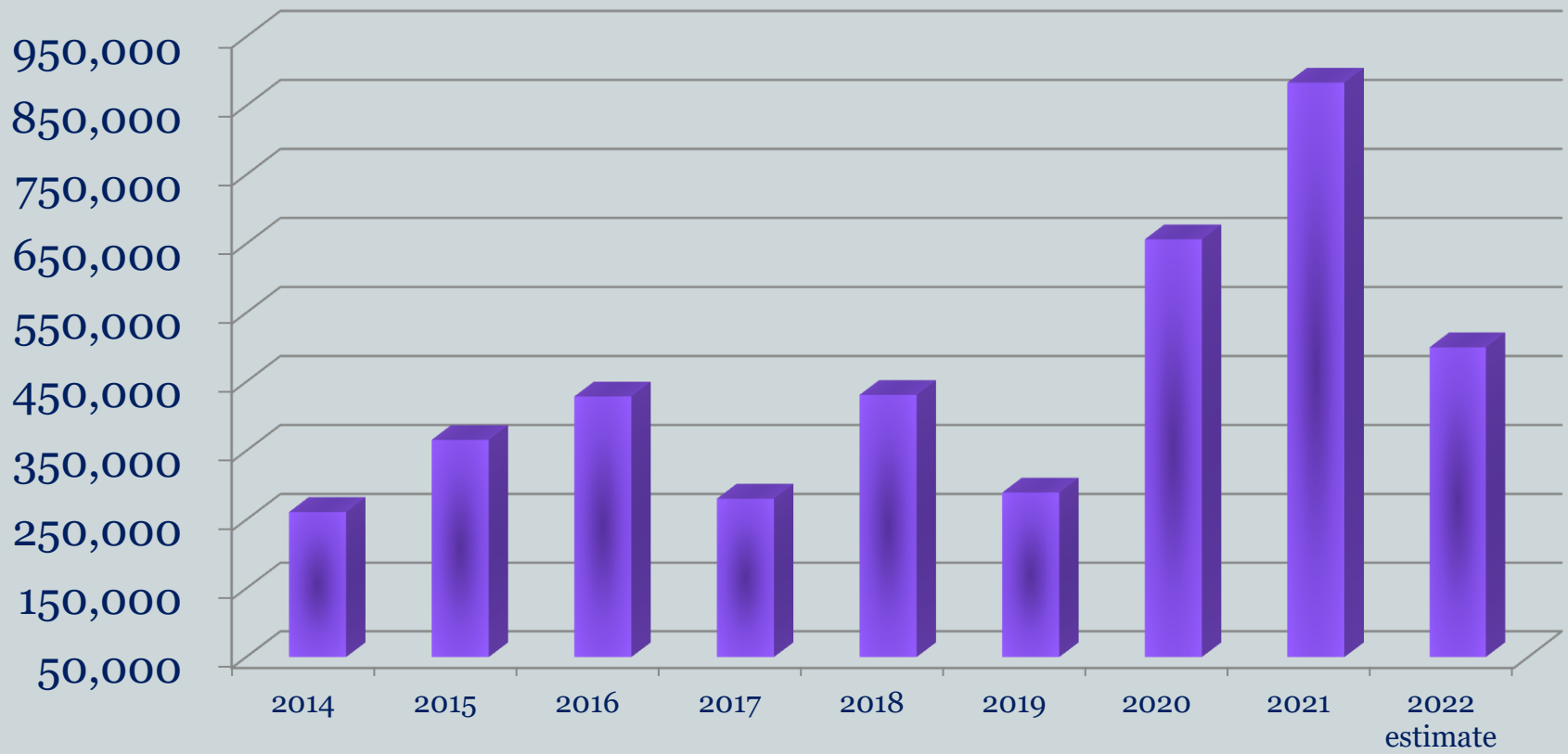
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- Estimate \$500,000
- Based on permit activity and active projects
- Final amounts are not available until after the budget has been presented to Town Meeting

New Growth

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Historic New Growth \$



State Aid and MSBA

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- Governor's budget \$5,691,623
 - \$233,530 decrease over last year (Charter Tuition Reimbursement)
 - TA Budget (Jan. 21st) reflects Governor's budget
 - House and Senate Ways and Means Committees, then Joint Committee, will submit their versions
 - Adjustments will be made as changes occur
 - Recommendations for town budget adjustments can be provided
- MSBA \$897,660
 - Consistent from year to year
 - Reimbursement for debt related to construction of the Fowler School
 - Town qualified for nearly 60% reimbursement
 - Expires in fiscal year 2023
 - New High School project was on a pay-as-you construct basis and has all been distributed w/ no additional debt burden

Discussion Point – State Aid

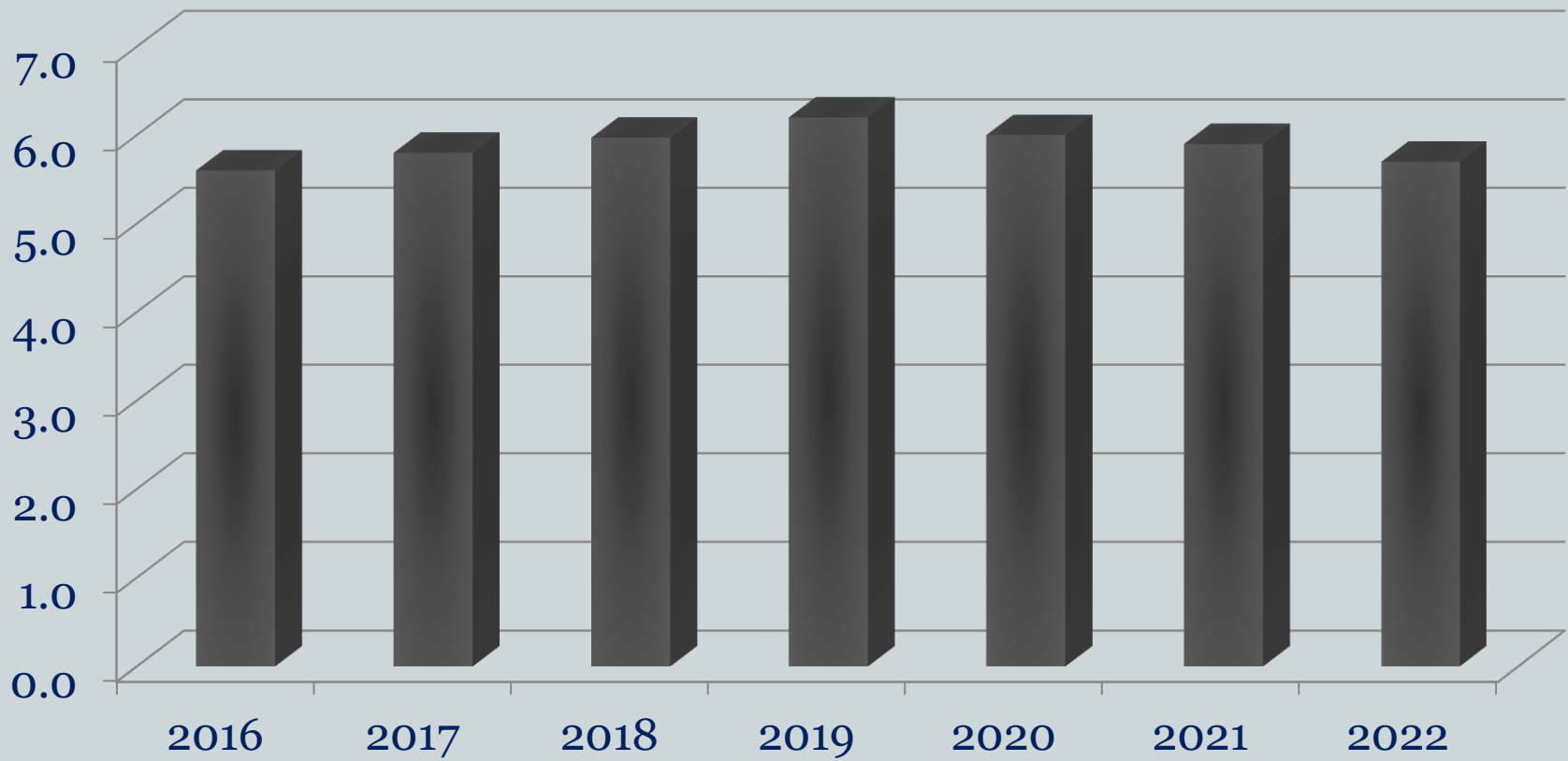
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	2018	2019	2020	2021	FY22	
	<u>Final</u>	<u>Final</u>	<u>Final</u>	<u>Final</u>	<u>House 1 (Gov's)</u>	<u>FY22 House 1</u>
<u>LOCAL AID</u>						Vs FY21
Chapter 70	\$ 5,000,104	\$ 5,402,021	\$ 5,442,941	\$5,442,941	\$ 5,480,621	\$ 37,680
Charter Tuition Assessment Reimbursement	\$ 154,847	\$ 183,187	\$ 192,924	\$ 441,134	\$ 175,164	\$ (265,970)
Unrestricted Government Aid	\$ 1,569,461	\$ 1,624,392	\$ 1,668,251	\$ 1,668,251	\$ 1,726,640	\$ 58,389
Exemptions - Vets , Blind & Surv Spouse, Elderly	\$ 30,625	\$ 33,373	\$ 37,691	\$ 37,339	\$ 28,172	\$ (9,167)
Veteran's Benefits	\$ 45,020	\$ 30,662	\$ 43,627	\$ 36,784	\$ 18,822	\$ (17,962)
TOTAL GROSS LOCAL AID	\$ 6,800,057	\$ 7,273,635	\$ 7,385,434	\$7,626,449	\$ 7,429,419	\$ (197,030)
<u>ASSESSMENTS</u>						\$ -
Air Pollution	\$ 3,089	\$ 3,178	\$ 3,178	\$ 3,205	\$ 3,447	\$ 242
MAPC	\$ 5,417	\$ 5,562	\$ 5,717	\$ 5,726	\$ 6,245	\$ 519
RMV non-renewal surcharge	\$ 11,440	\$ 11,440	\$ 14,000	\$ 13,680	\$ 13,680	\$ -
Regional Transit	\$ 79,170	\$ 81,149	\$ 83,178	\$ 85,257	\$ 87,388	\$ 2,131
Special Education	\$ 15,485	\$ 6,108			\$ -	\$ -
School Choice Sending Tuition	\$ 65,098	\$ 97,252	\$ 198,847	\$ 212,097	\$ 212,097	\$ -
Charter School Sending Tuition	\$ 645,603	\$ 854,236	\$ 1,119,489	\$ 1,381,331	\$ 1,414,939	\$ 33,608
TOTAL ASSESSMENTS	\$ 825,302	\$ 1,058,925	\$ 1,424,409	\$ 1,701,296	\$ 1,737,796	\$ 36,500
<u>TOTAL NET LOCAL AID</u>	\$ 5,974,755	\$ 6,214,710	\$ 5,961,025	\$5,925,153	\$ 5,691,623	\$ (233,530)

Historic State Aid

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State Aid in millions



Local Receipts

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Receipt Type	Amount
Motor Vehicle excise	\$ 1,314,000
Meals Tax excise	100,000
Penalties and interest	94,000
Payment in lieu of taxes	28,000
Licenses and permits	290,000
Fines and forfeits	50,000
Investment income	30,000
Solid Waste Fees	545,000
Other (Medicaid, Fees, Rentals, etc.)	384,000
Total Local Receipts	\$ 2,835,000

Indirect Charges

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- Charges incurred by the General Fund on behalf of the Water and Sewer Enterprise Funds
- Allocated back to Water and Sewer Enterprise Funds based on a reasonable and methodical allocation process
- Includes administrative fees such as Accounting, Treasury, Collector, and Data Processing etc. as well as employee benefits

Transfers From Other Funds - Ambulance Receipts

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- Annually, amounts are transferred from the “Ambulance Receipts Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of the ambulance services and capital repairs or replacement which are charged directly to the General Fund within the Fire Department appropriation.
- Reduced by \$80,000 from FY2021 to cover lease of ambulance.
- 2022 proposed amount is **\$170,000** for ambulance operations

Transfers From Other Funds - PEG Access Funds

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- Annually, amounts are transferred from the “PEG Access Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of cable-related services, benefits, IT and associated infrastructure which is charged directly to the General Fund within the General Government appropriation
- 2022 proposed transfer amount is **\$364,434**
 - 9.6% - Town
 - 90.4% - School

Amortization of Bond Premium

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- Typically, when a municipality issues bonds, proposers offer premiums with the sale
- These premiums become revenue to the municipality at the time of sale
- When the premium arises from an excluded debt situation, the Department of Revenue (DOR) does not allow the use of this revenue all in one year
- Therefore the premium is required to be amortized over the length of the debt payback
- In the 2022 budget, the Town is using **\$49,078** as a budget source against debt service as the current year amortization
- Remaining premium balances after 2022 approximate \$251,833 and are being amortized over time

Debt Exclusion

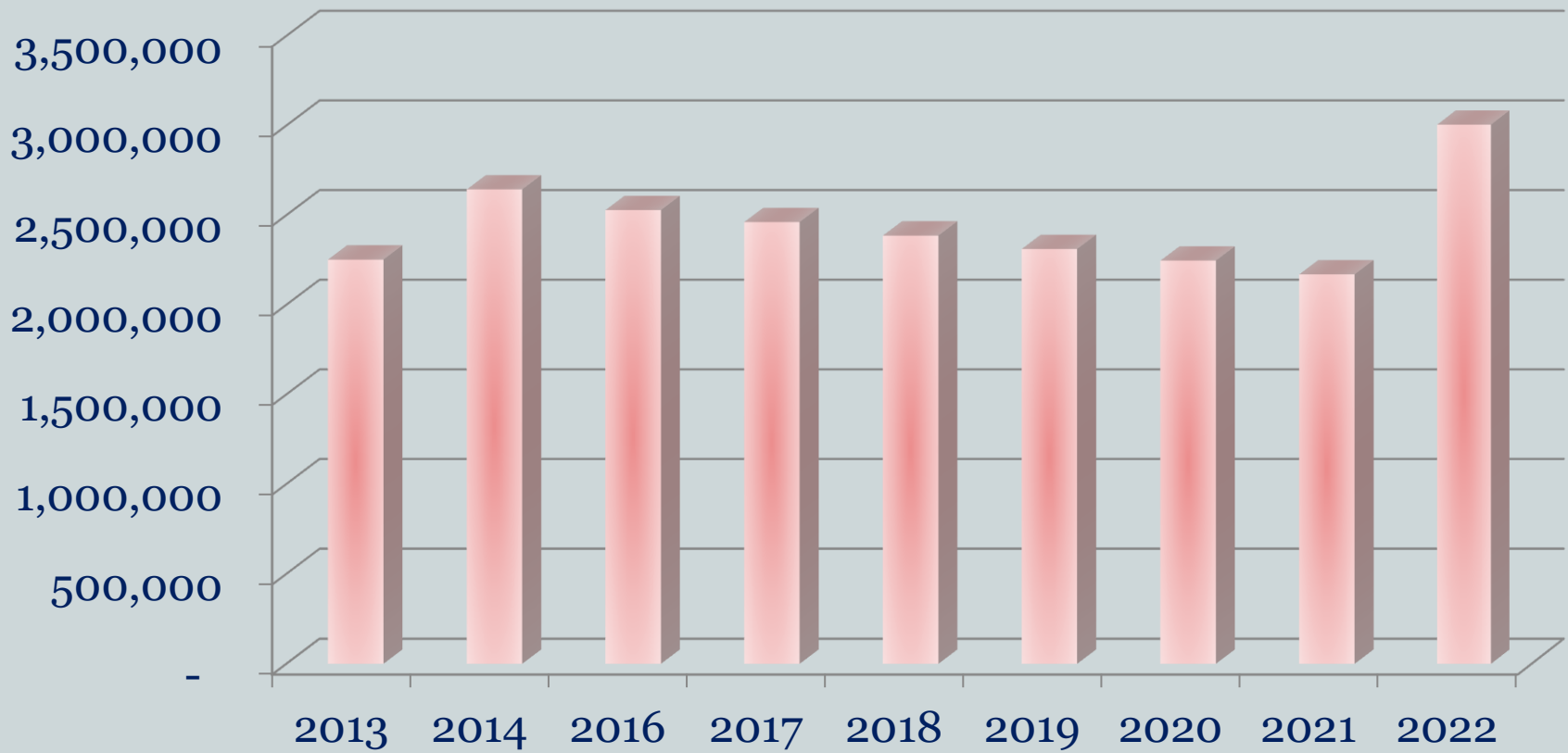
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- It is challenging for the Town to carry out a sufficient capital improvement plan without assistance from the taxpayer outside the boundaries of Proposition 2 1/2
- This is accomplished through debt exclusions, which, when approved by the voters, allows the Town to assess taxes above the Proposition 2 1/2 limits set by law
- Debt exclusion amounts for fiscal 2022 equal \$3,004,460
- Total debt service for 2022 is expected to be \$4,181,171 for governmental funds
- This includes \$869,941 for the new fire station.
- Debt service for Enterprise funds for FY2022 is proposed to be \$687,074 for Water and \$819,536 for Sewer

Historic Debt Exclusion

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Excluded debt amount (millions \$)





BUDGET USES

Summary Budget Uses

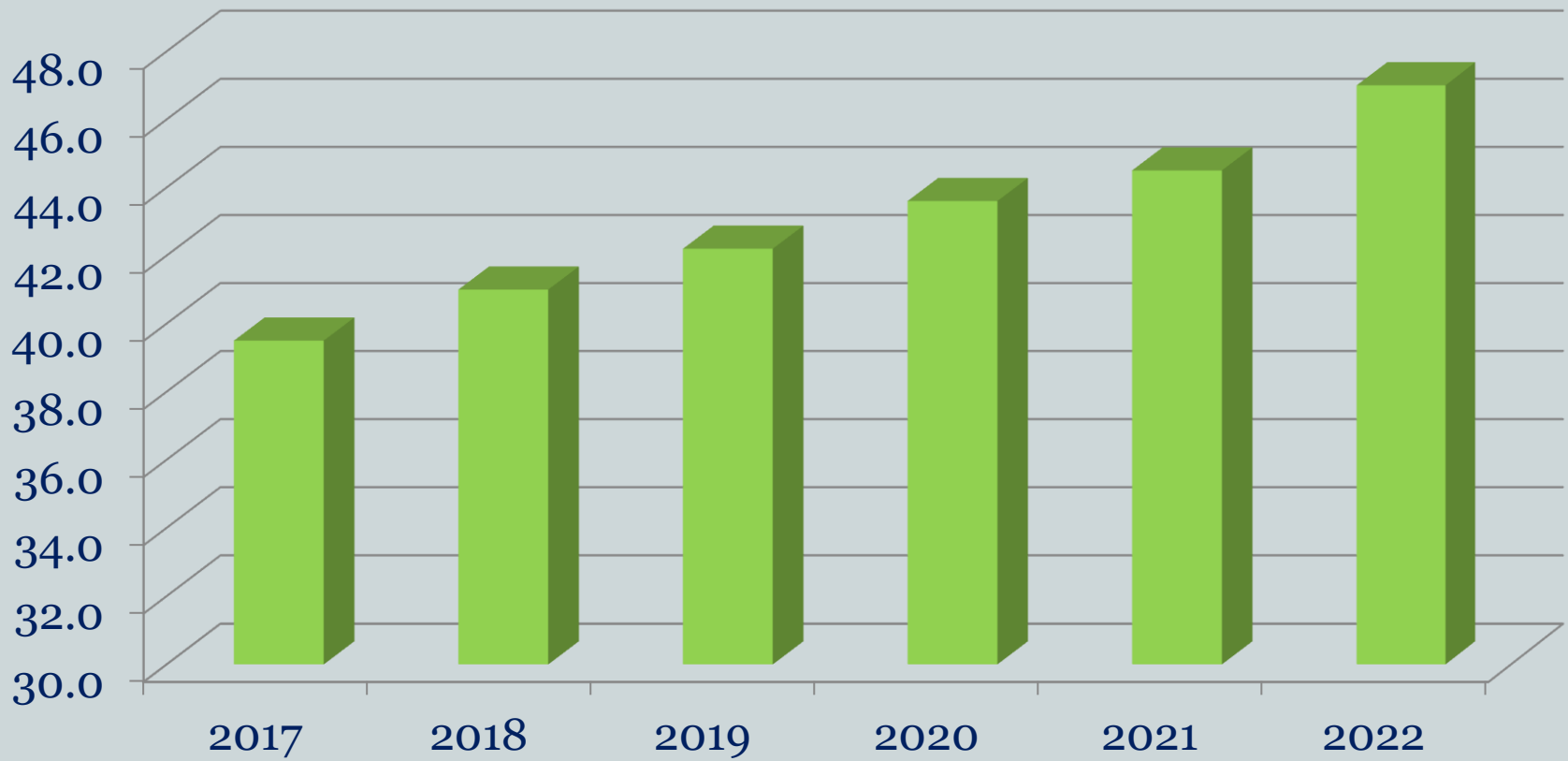
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	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>Budget</u>	<u>FY22</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>FY2022 vs</u>	<u>% vs</u>
					<u>FY2021</u>	<u>FY21</u>
<u>TOTAL EXPENSES</u>						
General Government	\$ 2,941,460	\$ 2,908,545	\$ 2,898,010	\$ 3,144,432	\$ 246,422	8.50%
Public Safety	\$ 4,919,011	\$ 5,017,543	\$ 5,048,744	\$ 5,116,894	\$ 68,150	1.35%
Public Works	\$ 2,004,875	\$ 2,082,146	\$ 2,108,689	\$ 2,134,847	\$ 26,158	1.24%
Cultural & Recreation	\$ 561,005	\$ 577,274	\$ 587,344	\$ 601,344	\$ 14,000	2.38%
Education - Maynard	\$ 18,550,151	\$ 19,490,953	\$ 20,027,338	\$ 21,071,372	\$ 1,044,034	5.21%
Education - Assabet	\$ 1,025,434	\$ 1,122,297	\$ 1,256,568	\$ 1,250,559	\$ (6,009)	-0.48%
Employee Benefits	\$ 8,144,187	\$ 8,302,255	\$ 8,546,411	\$ 8,878,743	\$ 332,332	3.89%
Debt Service	\$ 3,549,595	\$ 3,467,245	\$ 3,383,343	\$ 4,181,171	\$ 797,828	23.58%
Reserve Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ -	0.00%
PEG Access	\$ 285,821	\$ 365,398	\$ 360,574	\$ 366,434	\$ 5,860	1.63%
<u>TOTAL EXPENSES</u>	\$ 42,231,539	\$ 43,583,656	\$ 44,467,021	\$ 46,995,796	\$ 2,528,775	5.69%

Annual Budget Comparison

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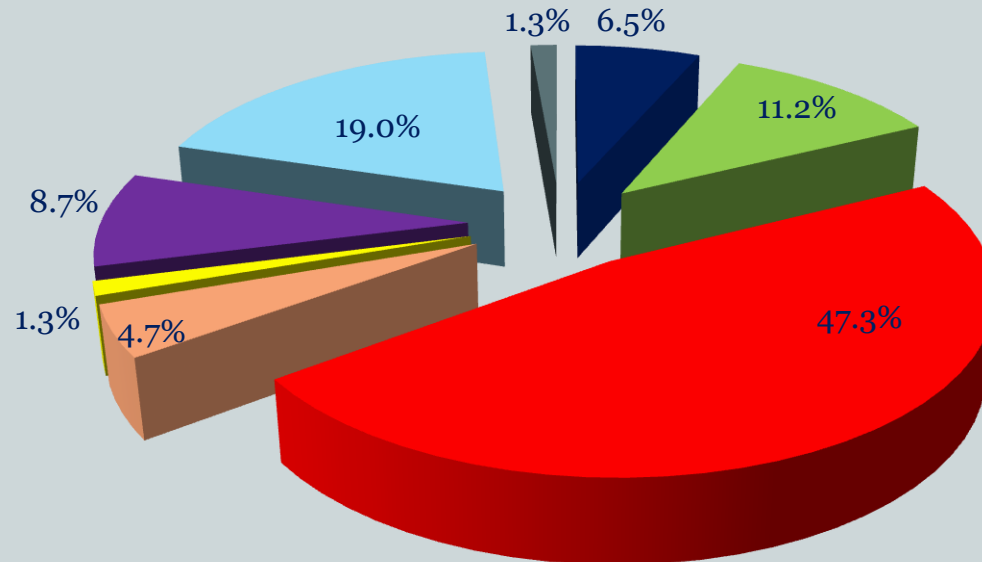
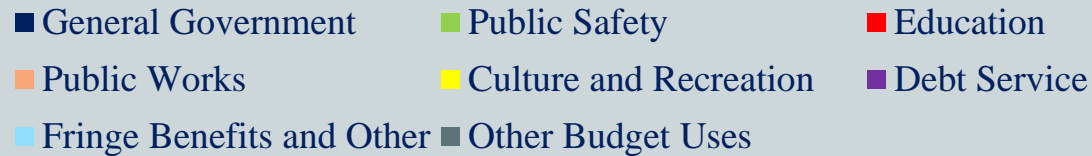
Annual Budget (millions)



Summary Budget Uses

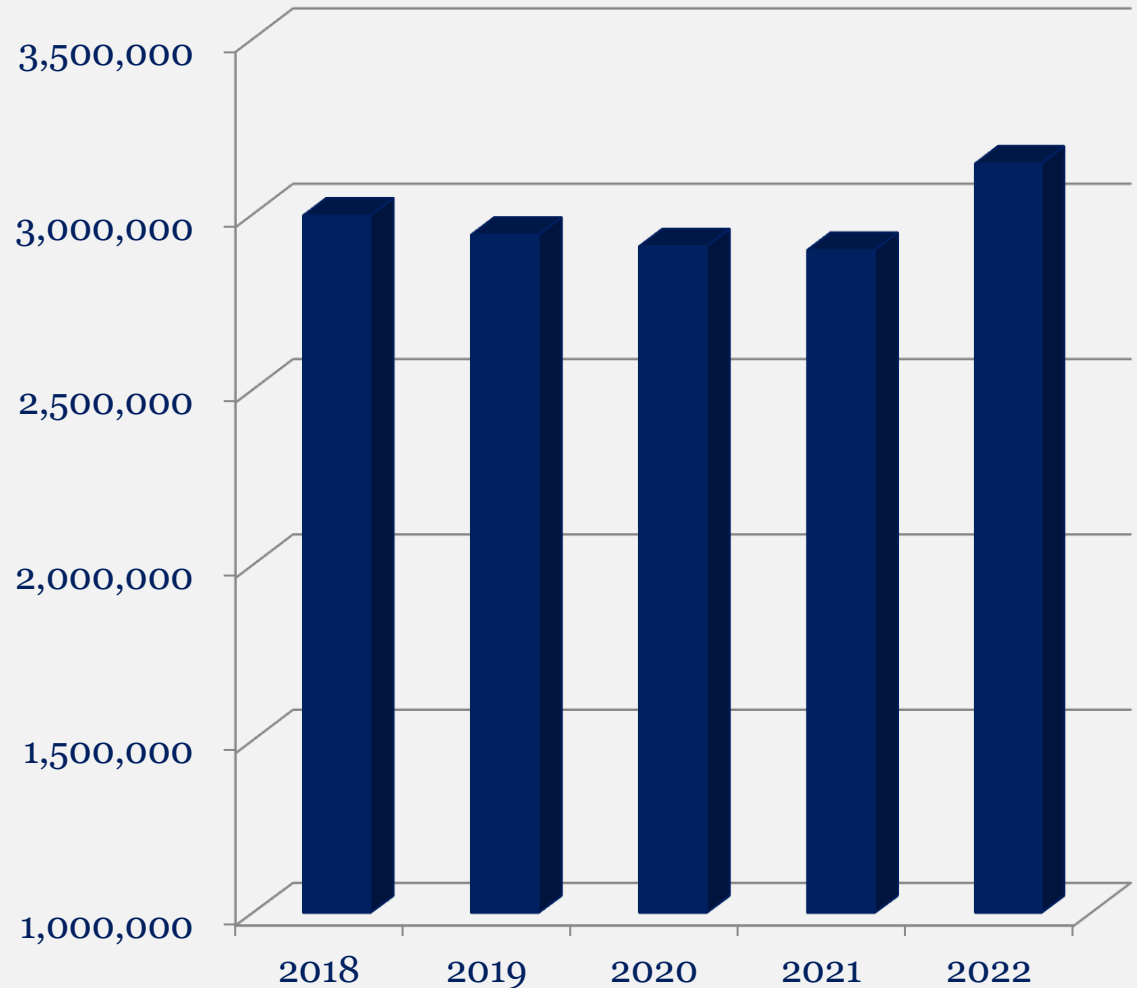
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Budget Uses by Function



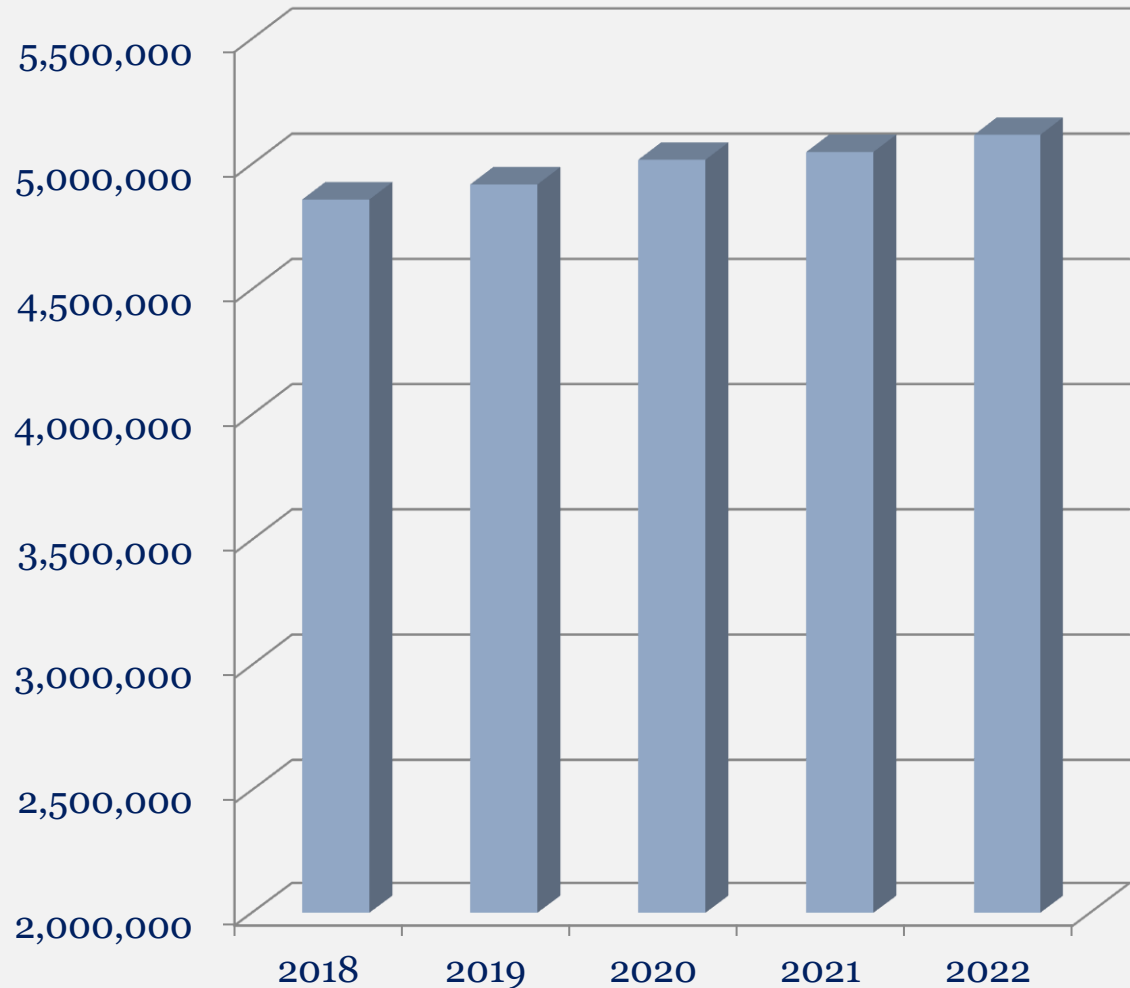
- ❑ An increase of \$246,922 which is 8.52% over the FY2021 budget.
- ❑ The largest factor is the establishment of “capital-pay-as-you-go” funding totaling \$121,575 (details in Capital Improvement Plan from Capital Planning Committee)
- ❑ Significant increase in liability insurance premium of \$81,010, attributed to claims filed for GMES.
- ❑ Increases to IT assets (computer turnovers and Library software update).
- ❑ Transfer of funds from Public Works to General Government, mainly utilities and upkeep costs.

General Government Budget



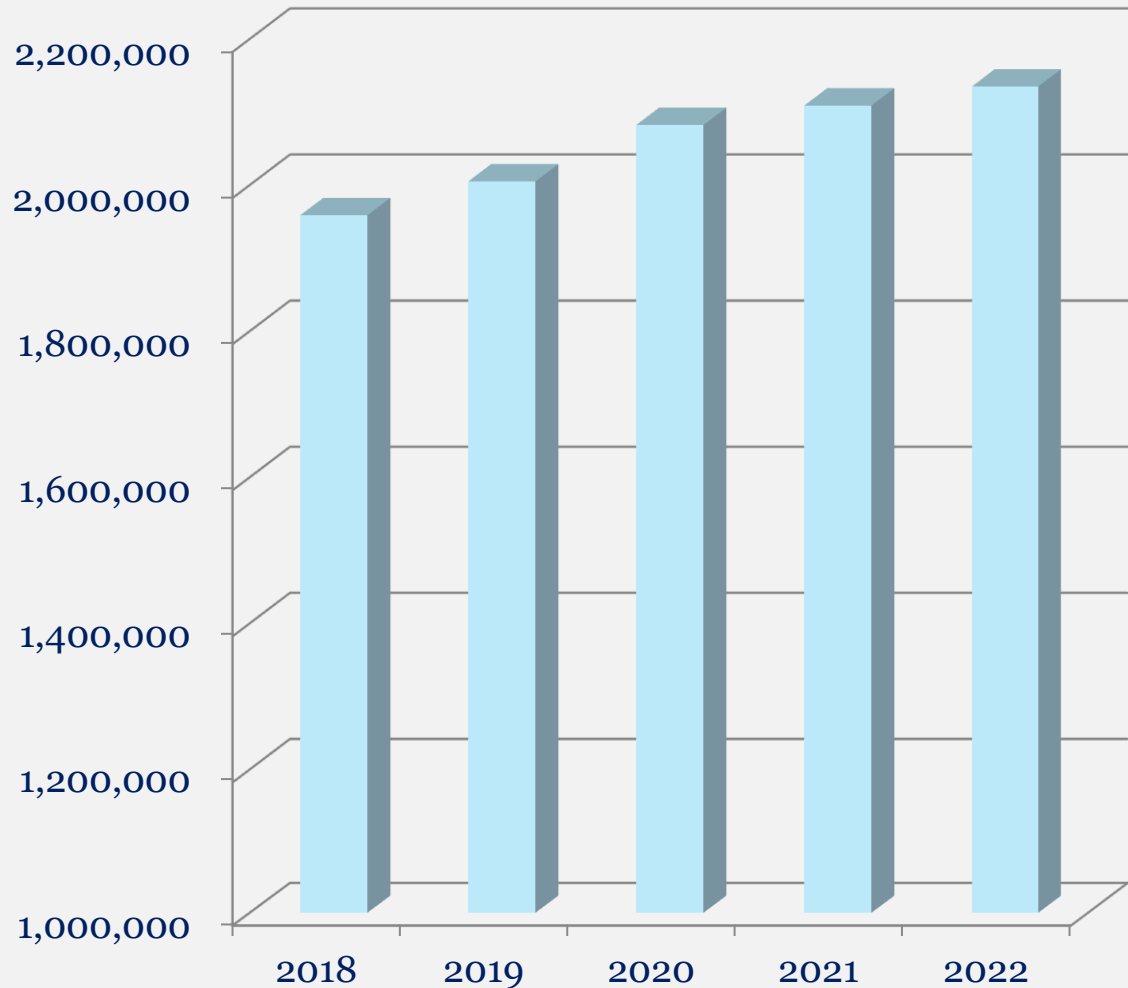
- ❑ Increase of \$68,150 which is 1.35% over the FY2021 budget.
- ❑ This reflects contractual obligations for Police Department's recent hires for certain benefits, including educational incentives (completion of degrees).
- ❑ Police Department restructuring is intended to reduce the overtime demands from years past.
- ❑ Currently negotiating Police unions collective bargaining agreements.
- ❑ Fire fighters' union recently ratified MOA allows for in-house training.
- ❑ A Deputy Fire Chief was not recommended in this initial budget proposal, but is projected as a need.

Public Safety Budget



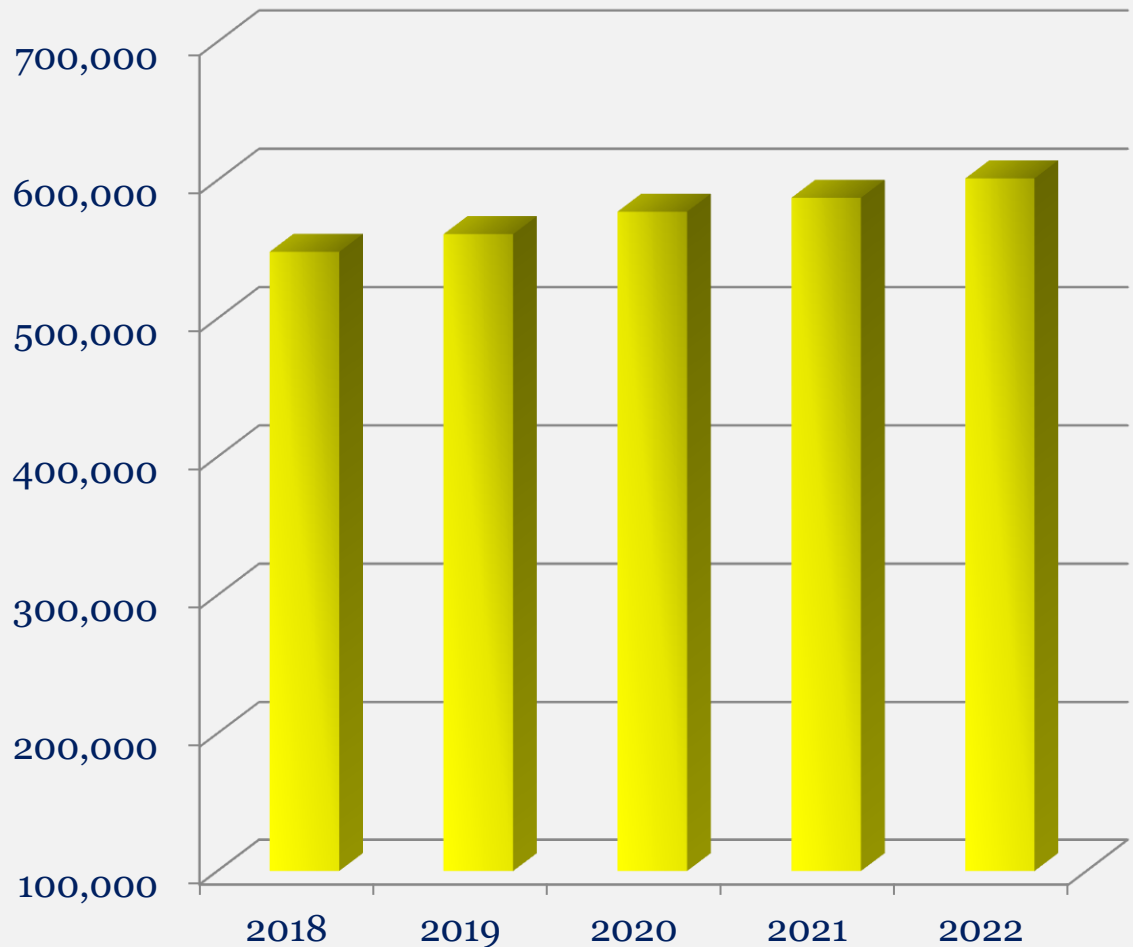
- ❑ Increase of \$26,158 which is 1.24% over the FY2021 budget.
- ❑ This reflects contractual obligations for salaries.
- ❑ An increase of expenses towards solid waste and recycling processing.
- ❑ Transferring funds from Public Works to Facilities under General Government.
- ❑ Budget requests not met: Part-time Custodian (backfill); MS4 funding to meet management demands; tree and right-of-way vegetation maintenance budget; snow and ice services budgeting (frozen for many years).

Public Works Budget



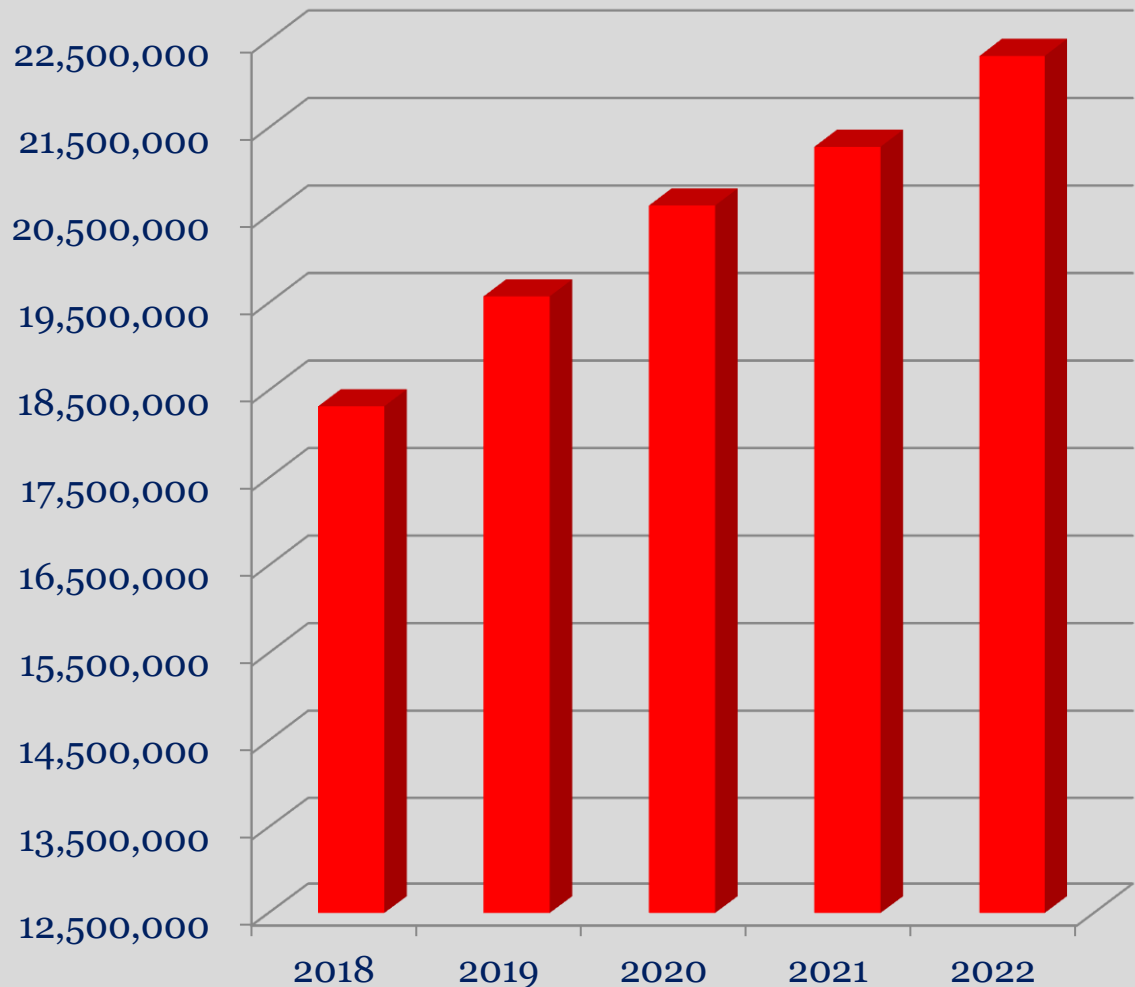
- ❑ Culture and recreation relates primarily to the activities of the Town Library.
- ❑ The Town Administrator proposes for Culture and Recreation minimal increases of \$14,000 which is 2.38% over the FY2020 budget.
- ❑ This reflects contractual obligations for salaries.
- ❑ New software is budgeted from Data Processing in General Government.
- ❑ The Culture and Recreation budgets have remained relatively flat year to year.
- ❑ New Library Director may have recommended budget adjustments.

**Culture (Library)
and Recreation Budget**



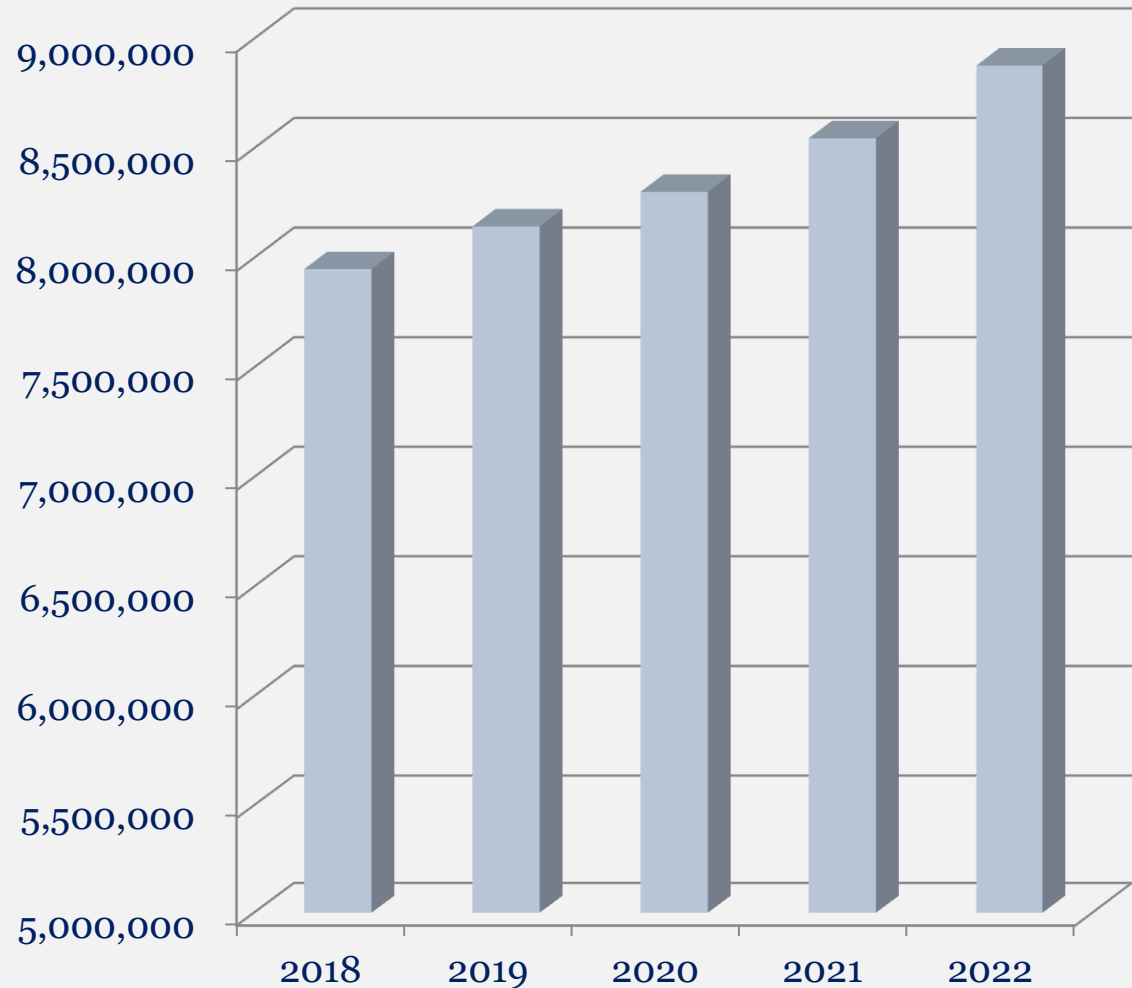
- ❑ Increase of \$1,044,034 which is 5.21% over the FY2021's final budget (the final budget reflects the appropriations of the Special Town Meeting held in October 2020).
- ❑ The TA recommended appropriation is \$(758,084) less than their originally requested budget increase.
- ❑ With no accurate estimation of Local Aid from the state until the spring/summer, the Board of Selectmen can consider adjusting the District's budget appropriation when information is received.
- ❑ Assabet Valley Regional Technical High School's assessment increased by nearly 2.42% for FY21, as an increase of \$30,409 (not counting ESSERS II funding)

Education Budget



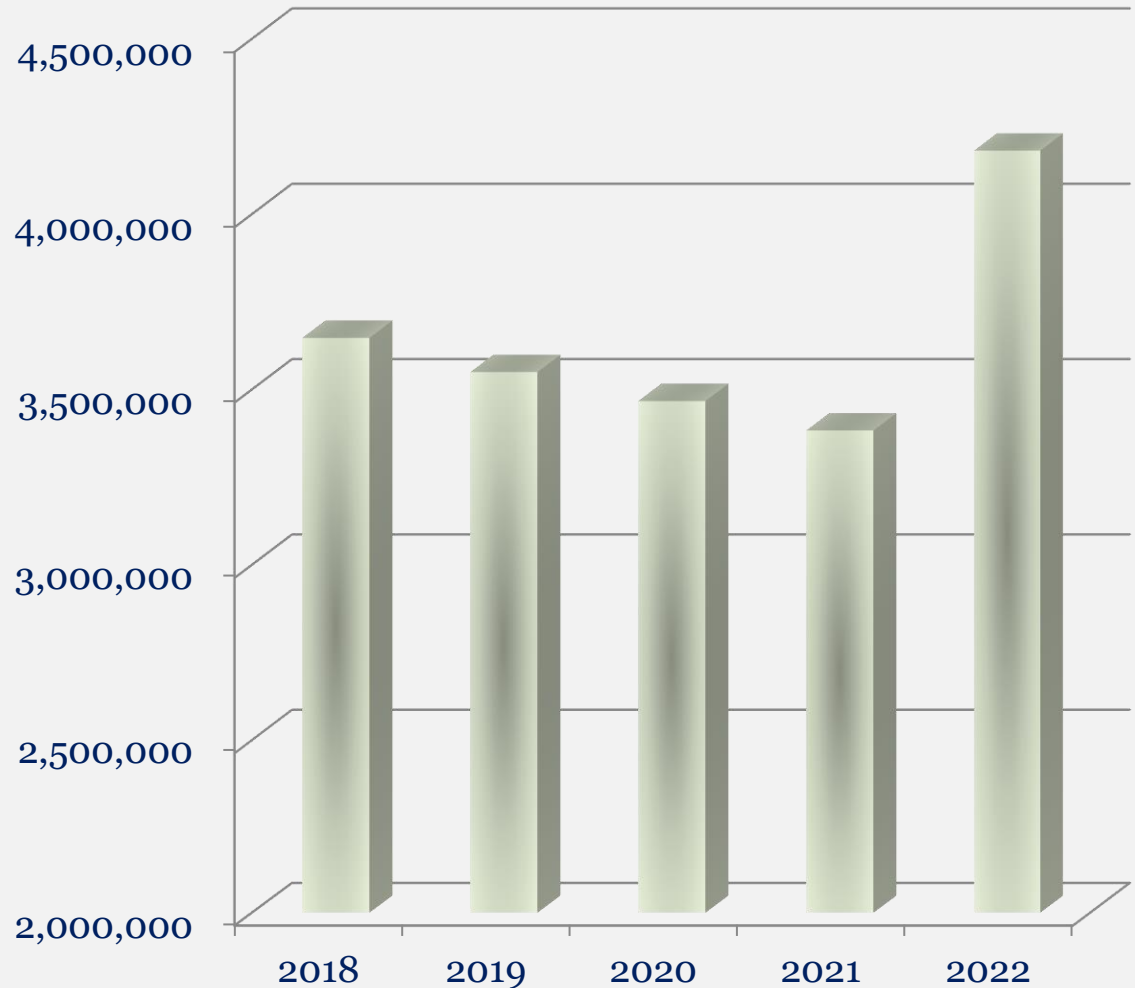
- ❑ Increases by \$332,332, or 3.89%.
- ❑ This reflects increases to retirement of \$146,446 and a 5% increase for the cost of health insurance to employees over this current fiscal year.
- ❑ Employee benefits include fixed costs related to payroll that consist of pensions, health insurance, medicare, unemployment and life insurance.
- ❑ MIIA Health and Liability insurance premium final costs are not yet released. Recommendations for adjustments to the budget will be made once known.

Employee Benefits Budget



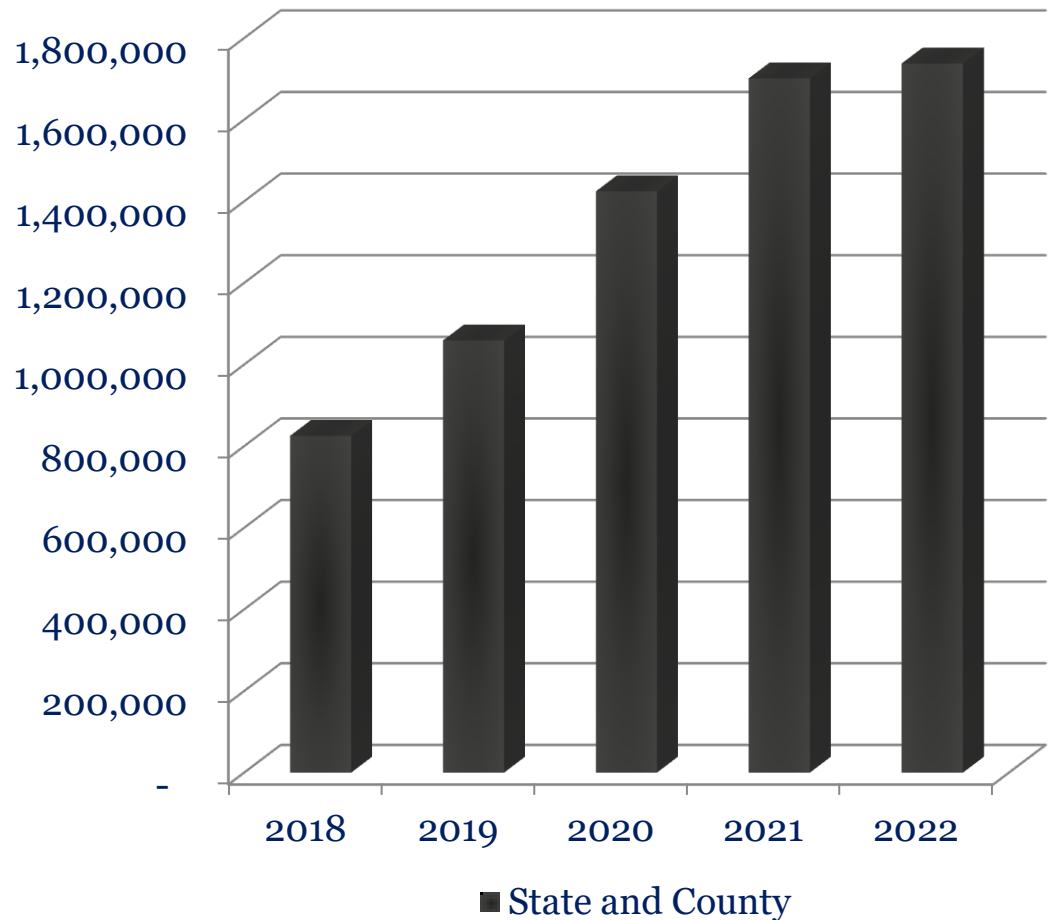
- ❑ Debt service represents the principal payback and interest costs associated with the Town's prior year bond issuances.
- ❑ Increases excluded debt service by \$818,713, which is 26.16% over FY21 budget.
- ❑ Reflects retiring debt of \$(99,656) against the additional debt of \$869,941 for the new fire station and \$48,428 GMES roof replacement.
- ❑ Non-excluded debt service decreases by \$(20,885) or (8.25)%, for a total of \$232,255.
- ❑ Non-excluded debt is 0.49% of the total General Fund budget.
- ❑ Excluded debt increases to 8.4% of the total General Fund.

Debt Service Budget



- ❑ Reserve Fund is an amount annually appropriated for unanticipated expenditures. The Town Administrator proposes this amount be **\$250,000**.
- ❑ Reserve For Abatements are amounts raised on the tax recap to account for abatements that will be filed by the taxpayers. This is not included in the Town Meeting vote. Amount to be budgeted for is \$240,000
- ❑ State and County Assessments are beyond the control of the Town Administrator and assessed annually by the State. The amount included, **\$1,701,296**, is from the Governor's initial budget proposal which was released following the January 21st submission of the TA budget.

State and County





TOWN OF MAYNARD BUDGET HEARING FISCAL YEAR 2021

Gregory Johnson
Town Administrator



Capital Planning

Free Cash Analysis

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- Free cash is historically replenished if revenues exceed forecast and/or if appropriation turn-backs exist
- The Town's free cash was certified by the Department of Revenue (DOR) at \$841,579.
- The Town typically appropriates all free cash to stabilization funds and one-time capital items
- Stabilization transfers of any excess free cash have become “mandatory” as part of financial planning goals
- The Town Administrator collaborated with the newly re-established Capital Planning Committee to develop the recommended Capital Improvement Plan.

Free Cash Recommendation

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Free Cash FY20 available		\$841,579
Snow/Ice		\$300,000
Capital Stabilization		\$19,579
General Stabilization		\$300,000
OPEB		\$25,000
<u>One-Time Capital</u>		
DPW Truck		\$40,000
Police Cruiser		\$45,000
Fowler Bathrooms		\$12,000
MPS Bathrooms/Facilities		\$40,000
School District Wide WiFi		\$72,000



Supplemental Information

Tax Bill Estimates

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- FY21 Average Single Family (ASF) household valuation is \$407,807
 - FY21 ASF Tax Bill is \$8,417
- FY22 TA Budget estimated impact on tax bills with current tax split
 - Using full 2.5% levy limit
 - ✦ And full amount of projected new growth of \$500K
 - Est. ASF Tax bill increase from current year = \$360
 - Includes \$210 for debt exclusions (Fire Station and GMES Roof)

Conclusion

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